

Company Registration Number: 09826758 (England and Wales)

**PRFI LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE 13 MONTH ENDED 31 MARCH 2021**



PRFI LIMITED  
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The directors submit their report and the audited financial statements for the 13-month period ended 31 March 2021.

#### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have elected under company law to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and accounting estimates that are reasonable and prudent;
- c) prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Going Concern**

The Company's business activities, performance, position and risks are set out in these financial statements. The financial position of the Company, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the notes to the financial statements. The Company has considerable financial resources, and the Directors believe that the Company is well placed to manage its business risks successfully.

Given the nature of the markets we operate within, we anticipate our end customers being insulated from a consumer downturn to some extent, although the roll-out of some of the new products may be delayed, dampening demand. Even in these difficult times, we still maintain the belief that the Company is well placed to move positively forward in the medium to long term. This belief is underpinned by a strong balance sheet and no debt, along with a product portfolio that addresses markets that have a positive outlook.

After making enquiries, and in addition to the fact the parent company CML Microsystems Plc has pledged to support the company for a period of at least twelve months from the date of signing the financial statements, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**Principal Activity**

The Company's principal activities are the provision of radio frequency technology design and consultancy services and our strategy is to continue to grow and expand the customer base within this market.

**Directors**

The following Directors have served since 1 March 2020: -

L M Devlin

T Jackson (resigned 3<sup>rd</sup> March 2020)

I A Murphy (resigned 3<sup>rd</sup> March 2020)

C R Smithers (resigned 3<sup>rd</sup> March 2020)

M J McCabe (appointed 3<sup>rd</sup> March 2020)

C A Gurry (appointed 3<sup>rd</sup> March 2020)

N Clark (appointed 3<sup>rd</sup> March 2020)

**Dividends**

A dividend of £225,000 was paid in the 13 month period (2020: Nil). The Directors recommend the payment of a final dividend of £Nil (2020 - £Nil).

**Results**

The results for the 13-month period are set out in the Statement of Comprehensive Income on page 7. The Company's profit for the financial 13-month period was £208,499.

**Statement of Disclosure of Information to the Auditor**

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish it has been communicated to the auditor.

**Auditor**

A resolution to appoint BDO LLP, Chartered Accountants, as auditor of the Company will be put to the members at the Annual General Meeting.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

By Order of the Board

*M Jones*

M Jones

Company Secretary

29 July 2021

## **Opinion**

We have audited the financial statements of PRFI Limited (the 'company') for the period ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement and the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the period then ended.
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Other matter – prior period financial statements not audited**

The company was exempt from audit in the period ended 29 February 2020 and consequently the corresponding figures are unaudited.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit

procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework.
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud.
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are International Accounting Standards in conformity with the requirements of the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating any advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RSM UK Audit LLP**

David Clark (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London, UK

Date: 30 July 2021



## PRFI LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE 13 MONTH PERIOD ENDED 31 MARCH 2021

	Notes	13 months ended 31 March 2021 £	11 months ended 29 February 2020 £
<b>Revenue</b>	2	1,134,707	725,521
Cost of sales	3	<u>(532,967)</u>	<u>(396,829)</u>
<b>Gross Profit</b>		601,40	328,692
Distribution and administration expenses	3	<u>(483,854)</u>	<u>(509,149)</u>
		117,886	(180,457)
Other operating income	3	21,125	4,817
<b>Profit/(Loss) from Operations</b>		<u>139,011</u>	<u>(175,640)</u>
Finance income	6	-	3,701
Finance expense	6	<u>(3,021)</u>	<u>-</u>
<b>Profit/(Loss) before Taxation</b>		135,990	(171,939)
Income tax credit	7	<u>72,509</u>	<u>45,815</u>
<b>Profit after Taxation</b>		<u>208,499</u>	<u>(126,124)</u>
<b>Total Comprehensive Income attributable to the Equity Owners of the Parent</b>		<u>208,499</u>	<u>(126,124)</u>

There are no recognised gains or losses other than the profit for the 13-month period and the loss for the 11-month period ended 29 February 2020.

Revenue and operating profit derive from continuing operations.

PRFI LIMITED  
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021  
Company Registration Number: 09826758 (England and Wales)

	Notes	31 March 2021 £	29 February 2020 £
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	10	39,104	24,527
Right-of-use assets	10	29,333	-
Deferred tax asset	17	28,190	14,864
		<u>96,627</u>	<u>39,391</u>
<b><u>Current assets</u></b>			
Trade and other receivables	11	194,837	186,615
Tax recoverable		45,520	63,896
Cash and cash equivalents	13	<u>142,530</u>	<u>104,737</u>
		382,887	355,248
<b>Total assets</b>		<b>479,514</b>	<b>394,639</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Trade and other payables	15	(196,133)	(131,350)
Lease Liabilities	16	<u>(29,697)</u>	<u>-</u>
		(225,830)	(131,350)
<b><u>Non-current liabilities</u></b>			
Deferred tax liabilities	17	<u>(6,896)</u>	<u>-</u>
<b>Total liabilities</b>		<b>(232,726)</b>	<b>(131,350)</b>
<b>NET ASSETS</b>		<b><u>246,788</u></b>	<b><u>263,289</u></b>
<b><u>CAPITAL AND RESERVES</u></b>			
Share capital	18	3,853	3,853
Retained earnings		<u>242,935</u>	<u>259,436</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>246,788</u></b>	<b><u>263,289</u></b>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 7 to 28 were approved and authorised for issue by the board on 27 July 2021.

Signed on its behalf by:



M J McCabe  
Director



L M Devlin  
Director

## PRFI LIMITED

## CASHFLOW STATEMENT FOR THE 13 MONTH PERIOD ENDED 31 MARCH 2021

	Notes	13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
Operating activities			
Net Profit / (Loss) before taxation		135,990	(171,939)
Adjustments for:			
Depreciation		19,899	26,948
Depreciation - right-of-use assets		76,266	-
Finance income		-	(3,701)
Finance expense		3,021	-
Movement in working capital	9	56,561	76,201
Cash flows from / (used in) operating activities		291,737	(72,491)
Income tax received		63,899	23,537
Net cash flows generated from / (used in) operating activities		355,636	(48,954)
Investing activities			
Purchase of property, plant and equipment		(34,476)	(5,204)
Finance income		-	3,701
Net cash flows used in investing activities		(34,476)	(1,503)
Financing activities			
Lease Liability repayments		(79,287)	-
Dividends paid to shareholders		(225,000)	-
Finance cost		(3,021)	-
Net cash flows used in financing activities		(307,308)	-
Increase / (Decrease) in cash and cash equivalents		13,852	(50,457)
Movement in cash and cash equivalents:			
At start of period		104,737	155,194
Increase / (Decrease) in cash and cash equivalents		13,852	(50,457)
Effects of exchange rate changes		23,941	-
At end of period		142,530	104,737

## PRFI LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE 13 MONTH PERIOD ENDED 31 MARCH 2021

	Share Capital £	Accumulated Profits £	Total £
As at 31 March 2019	3,853	385,560	389,413
Profit and total comprehensive income for 11-month period	-	(126,124)	(126,124)
As at 29 February 2020	3,853	259,436	263,289
Profit and total comprehensive income for 13-month period	-	208,499	208,499
Dividend paid	-	(225,000)	(225,000)
As at 31 March 2021	<u>3,853</u>	<u>242,935</u>	<u>246,788</u>

PRFI LIMITED  
STATEMENT OF CHANGES IN EQUITY FOR THE 13 MONTH PERIOD ENDED 31 MARCH 2021

**1 Accounting Policies**

**Company information**

PRFI Limited is a private company limited by shares incorporated in England and Wales.  
The registered office is Oval Park, Hatfield Road, Langford, Maldon, Essex CM9 6WG.

The Company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. For all periods up to and including the period ended 29 February 2020, the Company prepared its financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". These financial statements for the period ended 31 March 2021 are the first the Company has prepared in accordance with IFRS. Refer to note n for information on how the Company adopted IFRS.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. The financial statements have been prepared for a 13-month period ending 31 March 2021 and the comparative period is for a 11-month period to 29 February 2020.

**(A) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company's presentational currency is Pounds Sterling since that is the currency in which the majority of the Company's transactions are denominated. The Company's functional currency is Pounds Sterling.

New standards, amendments to published standards and interpretations to existing standards effective in 2021, with their dates of adoption adopted by the Company and brief description:

Standard Effective from:

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	1 January 2020
Amendments to IFRS 3 Business Combinations (issued on 22 October 2018)	1 January 2020

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions (issued on 28 May 2020)	1 June 2020
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The Directors anticipate that the adoption of these standards and interpretations in future periods will have little or no material impact on the financial statements of the Company, subject to any future business combinations.

**(B) Going Concern**

The Company's business activities, performance, position and risks are set out in these financial statements. The financial position of the Company, its cash flows, liquidity position, borrowing facilities and the use of financial instruments and policies relating thereto are detailed in the notes to the financial statements. The Company's financial resources, and that the Directors believe that the Company is well placed to manage its business risks successfully.

Given the nature of the markets operated within, it is anticipated that our end customers are insulated from a consumer downturn. Even in these difficult times, we still maintain the belief that the Company is well placed to move positively forward in the medium to long term. This belief is underpinned by a strong balance sheet and no debt, along with a product portfolio that addresses markets that have a positive outlook.

After making enquiries, and in addition to the fact the parent company CML Microsystems Plc has pledged to support the company for a period of at least twelve months from the date of signing the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**(C) Revenue**

The Company recognises revenues from design and development over the period of the contract. Design and development revenues are recognised on the basis of percentage contract completion which determines the point of satisfaction of its performance obligation and at a determined transaction price. Revenue is measured at the fair value of the consideration receivable excluding discounts, rebates, Value Added Tax and other sales taxes or duties. The company recognises its revenue in any given period in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

In doing this the company therefore ensures it does not recognise future revenues within current revenue. Other income such as interest earned and royalty income are recognised in the period that the event is triggered.

**(D) Government Grants**

Grants are accounted under the accruals model as permitted by IFRS. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

**(E) Property, plant and equipment and investment property**

All property, plant and equipment are stated at historical cost. Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Plant and equipment	33% straight line
Office furniture and equipment	20% straight line

The Company does not own any investment property, or freehold or leasehold premises.

**(F) Taxation**

The tax expense represents the sum of the tax currently payable, adjustments in respect of prior years and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the period end.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the period end. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

**(G) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the statement of comprehensive income.

**(H) Research and development costs**

Development costs are recognised in administrative expenses as they are incurred. Research and other development expenditures that fall outside IAS 38 are charged to the statement of comprehensive income when incurred.

**(I) Pensions**

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. Therefore, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.





**(K) Impairment of property, plant and equipment**

At each year end, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease until the associated revaluation reserve is extinguished.

**(L) Critical accounting judgements and Key sources of estimation uncertainty**

The preparation of financial statements under IFRS requires the company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. There are no critical accounting judgements or key sources of estimation uncertainty.

**(M) Financial instruments**

**(i) Recognition of financial instruments**

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

**(ii) Financial assets**

**Initial and subsequent measurement of financial assets**

**(a) Trade, group and other receivables**

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

**(iii) Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Initial and subsequent measurement of financial liabilities**

**(a) Trade, group and other payables**

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

**(b) Bank overdrafts**

Bank overdrafts are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

**(c) Equity instruments**

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

**(iv) Derecognition of financial assets (including write-offs) and financial liabilities**

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset it is derecognised.

The gain or loss on de recognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

**(N) Adoption of International Accounting Standards**

**(i) Leases**

At the date of transition to IFRS, the Company reviewed all leases in place and found that there were no leases to measure, therefore no transitional provision was applied. On 3 March 2020 a lease was signed which resulted in the Company recognising a Right-of-use asset of £70,399 and lease liabilities included under interest-bearing loans and borrowings of £70,399. There are no other transition differences in place at the date of transition (being 1 April 2019) and as such the Company has not restated its UK GAAP financial statements, including the statement of financial position as at 1 April 2019 and the financial statements as of, and for, the period ended 29 February 2020.

**2 Revenue**

The revenue of the Company for the period derives from the same class of business (business segment) as noted in the report of the directors.

	13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
Geographical classification of revenue (by destination):		
Europe	101,131	55,606
United States of America	383,298	372,343
Far East	80,990	37,515
Others	569,288	260,057
	<u>1,134,707</u>	<u>725,521</u>

In accordance with IFRS 15, the Company's revenue of £1,134,707 is made up of revenue from design and development. Design and development revenue is recognised over the period of the contract on a percentage basis of contract completion, as detailed in the Company's revenue recognition policy (see note 1).

The Company does not have any contract assets at 31 March 2021 (£Nil at 29 February 2020) as the Company does not fulfil any of its performance obligations in advance of invoicing to its customer. The Company however does have contractual balances in the form of trade receivables. See note 21 for disclosure of this. The Company has contractual liabilities of £94,687 at 31 March 2021 (£Nil at 29 February 2020).

The Company also does not have any contractual costs capitalised or any outstanding performance obligations at 31 March 2021 and 29 February 2020.

**3 Profit / (Loss) from Operations**

	13 months ended 31 March 2021	11 months Ended 29 February 2020
	£	£
Profit from operations is stated after charging or (crediting): -		
Cost of sales: -		
Amount expensed in relation to purchases and other movements	<u>532,967</u>	<u>396,829</u>
	<u>532,967</u>	<u>396,529</u>
Administrative expenses: -		
Depreciation - owned assets	19,899	26,948
Depreciation - right-of-use assets	76,266	-
Auditor's remuneration - Audit fee	9,500	-
Loss on foreign exchange	5,677	9,103
Other expenses	<u>372,512</u>	<u>473,098</u>
	<u>483,854</u>	<u>509,149</u>
Other operating income:		
Government Grants	5,508	4,817
Royalty Income	13,108	-
Other Income	<u>2,509</u>	<u>-</u>
	<u>21,125</u>	<u>4,817</u>

**4 Employees**

13 months ended 31 March 2021	11 months Ended 29 February 2020
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The average monthly number of employees including directors employed by the Company during the period was:

	No.	No.
Engineering	<u>7</u>	<u>7</u>
	<u>7</u>	<u>7</u>

**5 Directors' Emoluments**

13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
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Remuneration	81,206	64,533
Pension contributions - money purchase scheme	<u>40,611</u>	<u>37,731</u>
	<u>121,817</u>	<u>102,264</u>

Emoluments disclosed above includes the following amounts paid to the highest director:

13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
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Remuneration	81,206	64,533
Pension contribution	<u>40,611</u>	<u>37,731</u>
	<u>121,817</u>	<u>102,264</u>

The amount of accrued pension in respect of this director at the end of the period was £3,137 (2020: £3,026).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD ENDED 31 MARCH 2021  
continued

	13 months ended 31 March 2021	11 months Ended 29 February 2020
	£	£
Bank interest receivable	<u>-</u>	<u>3,701</u>
	13 months ended 31 March 2021	11 months Ended 29 February 2020
	£	£
Interest payable – lease liabilities	<u>3,021</u>	<u>-</u>

**7 Income Tax Credit**

	13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
(a) Analysis of tax credit in period		
UK Corporation Tax on result for the period		
Current period	(41,700)	(40,083)
Prior periods	(37,239)	6,253
Total current tax credit	(78,939)	(33,830)
Deferred tax:		
Origination and reversal of timing differences	6,430	(11,985)
Tax on profit on ordinary activities	(72,509)	(45,815)

**(b) Factors affecting tax credit for period**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2020 : 19%).

The differences are explained below:

	£	£
Profit on ordinary activities before tax	135,990	(171,939)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	25,838	(32,668)
Effects of:		
Other timing differences		
Expenses not deductible for tax purposes	14,650	1,187
Share-based payments - tax effect	(53,975)	-
Additional deduction for R&D expenditure	(23,034)	(17,141)
Surrender of tax losses for R&D tax credit refund	-	7,182
R&D expenditure credits	-	3,976
Adjustments to current tax charge in respect of previous periods	(37,239)	6,253
2020 Step 7 RDEC	-	(16,949)
Effect movement in deferred tax rate	1,251	1,509
Assets not recognised	-	836
Current tax credit for period (note 7(a))	(72,509)	(45,815)

**8 Dividends**

A dividend of £225,000 was paid in the period (2020: £Nil). The Directors recommend the payment of a final dividend of £Nil (2020 - £Nil).

**9 Notes to Cash Flow Statement**

	13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
Movement in working capital:		
(Increase) / decrease in receivables	(8,222)	49,498
Increase in payables	64,783	26,703
	<u>56,561</u>	<u>76,201</u>

	13 months ended 31 March 2021 £
Analysis of changes in net cash:	
Net cash as at 1 March 2020	104,737
Cash flow	13,852
Exchange movement	23,941
Net cash as at 31 March 2021	<u>142,530</u>

**10 Property, Plant and Equipment – owned assets**

	Computer Equipment £	Plant Equipment £	TOTAL £
<b>COST</b>			
At 31 March 2019	124,363	-	124,363
Additions	5,204	-	5,204
At 29 February 2020	129,567	-	129,567
Additions	29,176	5,300	34,476
Disposals	-	-	-
At 31 March 2021	<u>158,743</u>	<u>5,300</u>	<u>164,043</u>
<b>DEPRECIATION</b>			
At 31 March 2019	78,092	-	78,092
Charge for the period	26,948	-	26,948
At 29 February 2020	105,040	-	105,040
Charge for the period	19,016	883	19,899
At 31 March 2021	<u>124,056</u>	<u>883</u>	<u>124,939</u>
<b>NET BOOK VALUE</b>			
At 31 March 2021	<u>34,687</u>	<u>4,417</u>	<u>39,104</u>
At 29 February 2020	<u>24,527</u>	<u>-</u>	<u>24,527</u>

PRFI LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 13 MONTH PERIOD ENDED 31 MARCH 2021

continued

**Right-of-use assets**

	Property Leasehold £
<b>COST</b>	
At 29 February 2020	-
Additions	70,399
Effect of modification lease terms	35,200
At 31 March 2021	<u>105,599</u>
<b>DEPRECIATION</b>	
At 29 February 2020	-
Charge for the period	76,266
At 31 March 2021	<u>76,266</u>
<b>NET BOOK VALUE</b>	
At 31 March 2021	<u>29,333</u>
At 29 February 2020	<u>-</u>

**11 Trade and other receivables**

	31 March 2021 £	29 February 2020 £
Amounts falling due within one year:		
Trade receivables	83,149	147,942
Amounts owed by fellow subsidiary undertakings	50,758	-
Other receivables	10,764	-
Prepayments and accrued income	50,166	38,673
	<u>194,837</u>	<u>186,615</u>



**12 Leases**

The following shows how lease expenses have been included in the Income Statement, broken down between amounts charged to operating profit and amounts charged to finance costs:

	Leased Offices £
Depreciation – right-of-use assets	76,266
<b>Charge to operating profit</b>	<b>76,266</b>
Finance expense – lease liabilities	3,021
<b>Charge to profit before taxation</b>	<b>3,021</b>
<b>Cash outflow relating to operating activities</b>	<b>79,287</b>

At the 31st March 2021 the Company had not entered into any leases to which it was committed but had not yet commenced.

**13 Cash and Cash Equivalents**

	31 March 2021 £	29 February 2020 £
Cash at bank and in hand	<u>142,530</u>	<u>104,737</u>

**14 Financial Instruments****Financial instruments**

The Company's financial instruments can comprise cash balances, bank loans, overdraft facilities and items such as trade receivables and trade payables that arise directly from its operations. The overall objective of the Board is to reduce risks where possible within a competitive, dynamic and flexible trading environment. The Company has little exposure to credit and cash flow risk. It is and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The risks arising from the Company's financial instruments are interest rate, liquidity risk and foreign currency risk. The policies for managing these risks are summarised below and have been applied throughout the period. Although no specific basis, such as the gearing ratio is used to monitor the capital, the Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce any debt.

**Interest rate and liquidity risk**

Cash balances are placed so as to maximise interest earned while maintaining the liquidity requirements of the business. The Directors regularly review the placing of cash balances. A significant movement in LIBOR would be required to have a material impact on the cash flow of the Company.

**Credit Risk**

<b>Current financial assets</b>	<b>31 March 2021</b>	<b>29 February 2020</b>
	£	£
Trade and other receivables	83,149	177,943
Amounts owed by fellow subsidiary undertakings	50,758	-
Cash and cash equivalents	142,530	104,737
	<u>276,437</u>	<u>282,680</u>

The average credit period was 43 days (2020: 74 days). There were no provisions made, based on the knowledge of the financial circumstances of individual debtors at the year end, for estimated irrecoverable amounts from the sale of goods at the year end (2020: no provisions). The Company holds no collateral against receivables at the year end.

There are no significant credit risks arising from financial assets that are neither past due, nor impaired.

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value. Cash and cash equivalents of £142,530 (2020: £104,737) comprise cash and short-term deposits held by the Group treasury function. The carrying amount of these assets approximates their fair values.

<b>Current financial liabilities</b>	<b>31 March 2021</b>	<b>29 February 2020</b>
	£	£
Trade and other payables	76,239	88,218
Amounts owed to group undertakings	13	-
Accruals	25,194	9,768
Lease liabilities	29,697	-
	<u>131,143</u>	<u>97,986</u>

All balances are due within one year. The carrying amount of these liabilities approximates their fair values.

**Sensitivity analysis**

The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Company as they fall due.

**15 Trade and Other Payables**

	31 March 2021	29 February 2020
	£	£
Amounts falling due within one year:		
Trade payables	51,093	50,125
Amounts owed to group undertakings	13	-
Other taxation and social security costs	25,146	12,193
Deferred income	94,687	38,109
Accruals	25,194	30,923
	<u>196,133</u>	<u>131,350</u>

**16 Lease Liabilities**

	31 March 2021	29 February 2020
	£	£
Current lease liabilities	29,697	-
Non-current lease liabilities	-	-
	<u>29,697</u>	<u>-</u>

	£
29 February 2020 – at the date of transition	-
Additions	70,399
Disposals	-
Effect of modification to lease terms	35,200
Interest expense	3,021
Repayment of lease liabilities	(78,923)
<b>31 March 2021</b>	<b>29,697</b>

Changes in liabilities arising from financing activities relate to lease liabilities only. The movement during the year in lease liabilities is set out above.

**17 Deferred Tax**

	31 March 2021 £	29 February 2020 £
Provision for deferred taxation comprises:		
Accelerated capital allowances	(6,896)	-
Tax losses carried forward	25,827	-
Share-based payments	2,332	-
Other timing differences	31	14,864
	<u>21,294</u>	<u>14,864</u>
Deferred tax asset	28,190	14,864
Deferred tax liability	<u>(6,896)</u>	<u>-</u>
	<u>21,294</u>	<u>14,864</u>
At 1 April	14,864	2,879
Deferred tax debited in profit and loss account for year	<u>6,430</u>	<u>11,985</u>
At 31 March / 29 February	<u>21,294</u>	<u>14,864</u>

Deferred tax assets recoverable/(liabilities) expected to be settled under twelve months are £14,864 and (£Nil) respectively (2020: £14,864 and (£ Nil)).

**18 Share Capital**

	31 March 2021 £	29 February 2020 £
Allotted, issued and fully paid:		
36,000,000 A Ordinary shares of 0.0001p each	3,600	3,600
12,145,113 B Ordinary shares of 0.0001p each	1,215	1,215
217,907 C Ordinary shares of 0.0001p each	<u>22</u>	<u>22</u>
	4,837	4,837
Issued and fully paid		
36,000,000 A Ordinary shares of 0.0001p each	3,600	3,600
2,310,000 B Ordinary shares of 0.0001p each	231	231
217,907 C Ordinary shares of 0.001p each	<u>22</u>	<u>22</u>
At 31 March	<u>3,853</u>	<u>3,853</u>

The Company has three classes of ordinary shares.

Class A ordinary shares has the right to receive the notice of, attend and vote at all meetings of the company. Dividends each A ordinary share has the right to participate in dividends return of capital. Each A ordinary share has the right to participate in a distribution on a winding up or on a return of capital and they are non-redeemable.

Class B ordinary shares are not entitled to receive the notice of, attend and vote at all meetings of the company. Dividends each B ordinary share has the right to participate in dividends return of capital. Each B ordinary share has the right to participate in a distribution on a winding up or on a return of capital and they are non-redeemable.

Class C ordinary shares are not entitled to receive the notice of, attend and vote at all meetings of the company. Dividends not entitled to participate in dividends save where profits from a sale or disposal of whole or substantial part of Company's business and undertaking and subject to director discretion, return of capital. Each C ordinary share has the right to participate in a distribution on a winding up or on a return of capital and they are non-redeemable.

#### **19 Share based payments**

During the period ending 31 March 2021, PRFI Limited issued no share options (2020: £Nil). There are no outstanding share options at the yearend and all brought forward options were exercised in the year.

#### **20 Pension Commitments**

The Company operates a defined contribution pension scheme for employees. Company contributions during the period amounted to £154,695 (2020: £136,767). An amount of £12,276 (2020: £11,092) is included in creditors, which represents one month's worth of accumulated pension costs

**21 Related Party Transactions**

	13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
Transactions and balances with other group companies include the following:		
Sales to group companies	<u>222,929</u>	<u>-</u>
Net balances due from / (owed to) group companies	<u>50,745</u>	<u>-</u>

	13 months ended 31 March 2021 £	11 months Ended 29 February 2020 £
The remuneration of the key management personnel of the company, who are the company directors, is set out below:		
Wages and salaries (including benefits in kind)	81,206	64,533
Pension contributions	<u>40,611</u>	<u>37,731</u>
	121,817	102,264
Social security costs	<u>9,895</u>	<u>8,941</u>
	<u>131,712</u>	<u>111,205</u>

**22 Ultimate Parent Company and Ultimate Controlling Party**

The company's ultimate parent company is CML Microsystems Plc, the parent company of the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group Annual Report and Accounts of CML Microsystems Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14